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LECTURE

DELIVERED BY

HON. CHARLES FITZPATRICK

SOLICITOR-GENERAL OF CANADA

ON THE

Trade

COLONIAL POLICY

OF THE LIBERAL PARTY



QUEBEC

PRESS OF THE "DAILY TELEGRAPH"

—
1898

FITZPATRICK, CHARLES
Lecture

Canadian
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HON. CHARLES FITZPATRICK

SOLICITOR-GERERAL OF CANADA

ON THE

COLONIAL POLICY OF THE LIBERAL PARTY

The following is the full text of the lecture delivered by Hon. Chas. Fitzpatrick, at the Collegiate Institute, Lindsay, Ontario, on Thursday, November 17, 1898 :—

To try, and with unresting activity, to extend the trade relations of the country will always be one of the foremost duties of a Canadian Government. The traditional policy of the Liberal party has led its leaders always to be mindful of the needs of the less articulate portion of the community, of the great mass of the people. While carefully adjusting a revenue tariff so as to secure the greatest possible measure of consideration for local industries, the first object of the party has been to lighten the burdens for the bulk of the nation—that is, for the consumers. They can never forget that so long as men engaged in the greatest of the national industries, agriculture, have to see the price of their produce ruled by the markets of free trade England, it is a hardship and a grievous injustice if all that they have to buy for their household wants and the needs of their farms is made artificially and unnecessarily dear by legislation designed to put money into the pockets of a

comparatively small section of the community. Men may talk eloquently about the advantages of protection and the advantages of free trade, but it has been left for the farmers of Canada, for men who live their lives upon the soil they till, to experience and to illustrate the evils of both systems. When they sell the fruits of their toil, the prices are lowered to the level of the most open market in the world, but when they want to buy, the prices are raised against them by Canadian legislation. It was not a case in which any violent or instant remedy could be applied, but it was the business of the Liberal Government to redress the inequality as far as was possible without suddenly dislocating other industries.

To seek freer trade relations with the United States, to obtain for Canada the advantages of a market of seventy millions of people, twenty-five millions of whom lie close against the frontier, was a policy dictated as plainly by common sense as by party traditions. The two peoples speak the same language, understand one another's wants and feelings, in many respects have the same tastes, and finally the Americans are our only neighbors. If the phrase "natural market" has any meaning at all, it is essentially applicable to this case of Canada and the United States. But it takes two to make a bargain as well as a quarrel. The day has gone by when Canada could stand as a suppliant at the door of any people under the sun. The statesmen of the Dominion were not likely to treat with any power except on terms of perfect equality and reciprocal concession, and were not in the least likely to offer trade privileges to a people unwilling to deal with them. It goes without saying that when the Dingley tariff put the coping stones upon the Chinese wall of exclusion which successive American Governments have built up against Canadian produce and Canadian manufactures, it was a grievous disappointment to those whose earnest wish it had been to see something of the pleasantness of neighborly treatment mark all the relations of the two peoples. At the same time, it must, of course, be admitted that the American Government has acted well within its rights, and was entitled, and indeed bound, to take whatever steps seemed in its eyes best calculated to safeguard the interests entrusted to it. Admitting this, we may take note that even such an evil as a hostile tariff wall along four thousand miles of frontier may have its compensations. Perhaps nothing less than actual experience could have effectively convinced some of our people that Canada is strong enough to walk alone. If the United States had adopted another

commercial policy towards Canada, it is quite possible that in time a certain sense of dependence would have grown up, which could hardly have been otherwise than weakening and emasculating to the national feeling. A sense of commercial dependence might easily have slipped into something like a feeling of political dependence, and from that peril, if it were a peril, we have been effectively saved by the gentlemen who constructed the McKinley and the Dingley tariffs. We see that an immense volume of trade still continues to pass between the two countries in spite of all barriers, and that Canada can go her way and prosper in spite of the most hostile tariffs.

The apparent impossibility of obtaining freer trade relations with the United States at the time being fully established, there was imposed on the Government the duty of seeking over-seas what was denied them nearer home. The thing was not easy, but for resolute men difficulties are made to be overcome. Naturally, the first thought was of Great Britain, whose commerce is second only to that with the United States in importance to Canada and of course incomparably greater than that with any European power. Here was a kindred people, bound to us by many and most intimate ties, and united to us by 3,000 miles of the Atlantic, I say united rather than separated by the Atlantic advisedly. Matthew Arnold, in one of the most beautiful of his poems, speaks of the "salt unplumbed, estranging sea," but time has made the epithet seem singularly ill-chosen. The sea is still "salt," though the fact is not very relevant; parts of it may still be "unplumbed," but what of "estranging"? Say rather the "embracing" sea, the "uniting" sea, or the "connecting" sea; anything but "estranging." The sea to-day is the great high-way of the people, it offers the cheapest means of transit and communication between nations, it has become the bond, as well as the symbol of all the wide dominions of the Queen. Assuredly then, it was not because of the leagues of "estranging sea" that Canadian statesmen did not turn sooner to the motherland when seeking to extend the commerce of Canada. The difficulty was of another kind, and of British making. To the English, liberty has no restricted meaning, and the love of freedom is not so finely qualified that it must be tabooed whenever it is mentioned in connection with trade. The great free trade market of the world, England, has, one by one, struck off all the shackles of her trade, and now retains no import duties, except the few that are needed to safeguard her excise revenue, or are imposed solely for revenue purposes upon articles not produced in the British Isles. How then were there any opportunities for trade arrange-

ments, or negotiations, or give-and-take, or reciprocal concessions? Great Britain could come to the bargain only with empty hands, having nothing to offer.

For many years before the present Government of the Dominion came into power, the country has been kept familiar with schemes and suggestions for promoting closer trade relations with Great Britain, but they have all been "in the air," and based on the assumption which all men in their hearts knew to be unreal, that the British people were ready to turn their backs upon the policy of free trade, and, instead, to adopt discriminating duties against all peoples outside the Empire, England, to whom cheap bread is a necessity; England to whom cheap raw materials is the vital condition of her manufacturing supremacy, was invited to surrender both these things in exchange for preferential treatment in regard to the merest fraction of her trade. We may regret that the conditions of English trade are what they are, but there is no use pretending not to know that they are immovable, and still less is there any use in posing as though one had a monopoly of loyalty on the strength of offers to Great Britain, which it is perfectly well known she is not in a position to accept. Lord Ripon put the case in a nut shell in his despatch of June 28th, 1895, when referring to the proposals of the Ottawa Conference, and in particular to the suggestions that Great Britain should discriminate against goods coming from foreign countries in return for favorable treatment for her own goods in colonial harbors, he said :—

"It is obvious that as the trade of the Empire with foreign countries far exceeds the trade between the various members constituting the Empire, the volume of trade, upon which taxation is to be placed, exceeds the volume which would be partially relieved. The result would not only necessitate increased taxation, but would involve a serious net loss of trade the burden of which in both cases would fall with greatest severity on those parts of the Empire which have the largest proportion of foreign trade, and the loss to those parts would more than outweigh the gain to the other parts. The material results of this proposal would be even more prejudicial than appears from the general statement of its more obvious results. In the case of this country (Great Britain) the bulk of the imports from foreign countries, and almost the whole of our imports from the colonies, consist of food or raw materials for manufacture. To impose a duty on food means at once a diminution of the real wages of the work-

“man. If, in addition to this, a duty were imposed on raw materials, a further encroachment would have to be made on the wages to enable the manufacturer to compete with his rivals in countries where there are no such duties.”

Whatever may be thought of the cogency of this maxim, it may certainly be taken as representing the profound and settled convictions of almost every school of English statesmen, and for the present, at least, must be accepted as final. There is certainly one other way in which the commercial relations of the whole Empire might be consolidated and that without any difficulty on the score of principle on the part of Great Britain, but, unfortunately, it is not within the sphere of practical politics. A British Zollverein, which would sweep away all trade barriers within the Empire, and then, pooling the common customs revenue, divide it proportionally, is an ideal which may some day be realized, but the delegates at the Ottawa Conference were unanimously of opinion that the difficulties in the way are at present insurmountable.

The only possible way, therefore that remained of offering further facilities for trade between England and Canada was to offer advantages to the mother country without seeking any direct gain in return. I say direct gain, because no country can be indifferent to the prosperity or misfortunes of its best customers. Among individual citizens the failure of a wealthy man, accustomed to spend his money in the neighborhood is at once recognized as a misfortune to the district, and the shop keepers and others who did business with him feel that his loss is theirs. It is not otherwise with nations. The greater the purchasing power of Great Britain the more she can afford to buy of Canadian products. The Government, therefore, decided to at once introduce legislation, the effect of which would be to give the imports from Great Britain a preference amounting to a 25 per cent reduction on the ordinary tariff. By so doing they, at the same time, cheapened many of the conveniences of life for all Canadians, and made a graceful and generous acknowledgement of the warm ties of kinship and affection which bind Canada to Great Britain. It is unnecessary to speak of the loud acclamations with which the mere announcement of this proposal was received in England. It shall suffice to say that it was received by all classes of the nation with an enthusiasm which was out of all proportion to the material value of the favor conferred. I say the mere rumor of the proposal, because much had to be

done before the intentions of the Government could be realized. From the outset, it was recognized that the scheme would have to run the gauntlet of the Belgian and German treaties, and might result in a request to the Imperial Government for their denunciation. We wished as far as might be, to avoid doing anything which would cause embarrassment to the Government in London, and tried to shape and amend our proposals in such a way as to enable them to get through the meshes of the German net, but all the while we were resolved that if, in spite of all we could do, the treaties still got in the way, then, as in the case of Stephenson's cow, it should be so much the worse for the treaties. During the debate the speakers on the Opposition side of the House told us many times that the preference offered to Great Britain was no preference at all, because by the Belgian and German treaties we were bound to accord similar privileges to both those countries, and, by reason of the most-favored nation clauses, through them, to some twenty other nations as well. The possibility that in that event the treaties would be ended was treated with ridicule. For, as Sir Charles Tupper plaintively reminded his friends, had not the Tory party tried in vain for sixteen years to get those treaties denounced. It was not very strenuous trying. The secret of the failure was written large across the record of the party, so that he who ran might read. To find the explanation we need go no farther than Lord Ripon's despatch already referred to. After dwelling on the risks to which both Canada and the Mother Country would be exposed to by a denunciation of the treaties the then Colonial Secretary went on to say:—"No scheme has been proposed which foreshadowed any precise advantages to be secured to the export trade, etc., amounting to thirty-five millions, from the United Kingdom to the British colonies, in the event of the determination of these treaties." It is hardly surprising that the Imperial Government declined to take a course of action the precise advantages of which were not even foreshadowed. The Liberal party never had the slightest doubt but that if properly approached with a carefully thought-out and business-like scheme, the home authorities would hasten to relieve the thirty millions of the trammels of which its people complained. The event showed that that confidence was not misplaced, and you know that what Sir Charles complained he had not succeeded in doing in sixteen years, Sir Wilfrid Laurier achieved in less than as many months.

But I am anticipating the course of events.

We were anxious to obtain our end, the establishment of a preferential treatment for British imports with a minimum of disturbance of international relations, and quite ready, provided they did not conflict with that, to let the treaties stand.

The articles in the Belgian and German treaties of 1862 and 1865 respectively, which were thought to bar the way to any scheme for granting commercial advantages to Great Britain, run as follows :—

Article XV. (Belgium) :—“ Articles the produce of manufactures of Belgium shall not be subject in the British colonies to other or higher duties than those which are or may be imposed upon similar articles of British origin.”

Article VII. (Zollverein, German Empire) :—“ The stipulations of the preceding (Articles 1 to VI)—they contain the whole treaties—shall also be applied to the colonies and foreign possessions of Her Britannic Majesty. In those colonies and possessions the produce of the States of the Zollverein shall not be subject to any higher or other import duties than the produce of the United Kingdom of Great Britain and Ireland or of any other country of the like kind, nor shall the exportation from those colonies or possessions to the Zollverein be subject to any higher or other duties than the exportation of the United Kingdom.”

Lord Ripon, in his despatch in connection with the Ottawa Conference, thus summarizes the opinion of the British law officers as to the effect of these articles in the Belgian and German treaties :—(1) They do not prevent differential treatment by the United Kingdom in favor of the British Colonies.—(2) They do not prevent differential treatment by British Colonies in favor of each other.—(3) They do prevent differential treatment by British colonies in favor of the United Kingdom. Assuming that the treaties were binding upon Canada, there was no disposition to quarrel with the correctness of the views here laid down. At the same time there seemed grave reason for doubting whether Canada was under any constitutional obligation to respect treaties which had been fastened upon her without either previous consultation or subsequent consent. It is an admitted principle of constitutional law that the power of the Crown to conclude treaties binding on all communities of British subjects is subject to this limitation, that if they affect the taxation of the people, they require the

ratification of Parliament. In every such case the Legislature of a colony enjoying responsible Government is entitled to give or withhold its consent, and upon that consent the validity of the treaty to that extent, and as far as it affects the colony, must depend. And let this be remembered that in the case of a distant colony the right of the Legislature to decide whether the people shall be subjected to new charges or fiscal restrictions is vastly more important, and needs to be far more jealously safeguarded than can possibly be the case in Great Britain. There the control of Parliament over the Ministry, over the men who negotiate treaties with foreign powers, is a living and effective force, while no vote of a Colonial Parliament could unseat them. Years before the date of either the German or Belgian treaty, Canada had achieved her fiscal independence, and established an unchallenged right to regulate her customs in the interests of her own people, without regard to the wishes of the Parliament of Britain. And yet we have this undisputed fact that neither of the treaties in question, though they place restrictions upon the fiscal liberties of the country, has ever received the ratification or the sanction of the Parliament of Canada.

Let us examine this question a little more closely. The general proposition that the prerogative of the Crown to contract treaties which involve the taxation of the people or what is the same thing, interfere with their fiscal liberty, or their power to manage their own customs, is subject to the limitation that such treaties depend for their binding effect upon the sanction of the Parliament of the people concerned, is too well established to need any lengthy array of authorities in its support. Sir William Anson, in his well-known work on the Constitution, puts the case thus:—"This much appears to be certain, that where a treaty either involves a charge on the people or a change in the law of the land, it may be made, but cannot be carried into effect without the sanction of Parliament. Such treaties are therefore made subject to the approval of Parliament and are submitted for its approval before ratification, or ratified under condition. Such are treaties of commerce which might required a change in the character or the amount of duties charged on exported or imported goods."

Todd, in his work on Parliamentary Government in the Colonies, lays down the still more general proposition that "the Legislature in any colony is free to determine whether or not to pass laws necessary to give effect to a treaty entered into between the Imperial Government or any foreign power,

but in which such colony has a direct interest." Finally in his despatch to the Australian colonies, dated 19th April, 1872, Lord Kimberley says :— "Her Majesty's Government apprehend that the constitutional right of the Queen to conclude treaties binding on all parts of the Empire, cannot be questioned, subject to the discretion of the Parliament of the United Kingdom, or the Colonial Parliaments, as the case may be, to pass any laws which may be required to bring such treaties into operation."

In the light of these authorities it becomes apparent that the issue is narrowed down to the question :—Had Canada in 1862 and 1865 such a measure of fiscal independence, such liberty to regulate her own customs that the prohibition clauses of the Belgian and German treaties were such an infringement of her rights as to require the sanction of her Parliament. As far back as 1854, Canada successfully asserted her right to establish reciprocal trade relations with a foreign power, and to grant to that power commercial advantages denied to the United Kingdom. The Imperial Customs Act of 1857 still further strengthened the position of fiscal autonomy claimed by the people of Canada. Two years later a complaining despatch from the Duke of Newcastle drew from the Canadian Privy Council a declaration of rights on this whole subject which has never since been challenged, and is decisive of the position of Canada at the time. It will suffice to quote the following passage :—" Self-Government would be entirely annihilated if the views of the Imperial Government were to be preferred to those of the people of Canada. It is therefore the duty of the present Government distinctly to affirm the right of the Canadian Legislature to adjust the taxation of the people in the way they deem best, even if it should unfortunately happen to meet the disapproval of the Imperial Ministry. Her Majesty cannot be advised to disallow such acts unless her advisers are prepared to assume the administration of the affairs of the colony, irrespective of the views of its inhabitants." That being the position of Canada years before either of the treaties under discussion were negotiated, it would seem to follow that if the clauses limiting her fiscal liberty are really binding, they are operative because the prerogative of the Crown enables it to put charges upon the people of a self-governing colony without the concurrence or assent of its Parliament.

The position of Canada will appear still stronger if we contrast it with the case of the Australian Colonies. In their Constitution Acts there used

to be a clause expressly forbidding them to grant preferential treatment to any power, if such privilege was at variance with any treaty concluded by Her Majesty. Why was that specific enactment necessary if the same object was already attained by the general principles of constitutional law? If Canada without such a prohibition clause was still prohibited, this clause in the Australian acts was mere idle surplusage. Then note that it was to this clause and this clause alone, that Lord Kimberly appealed in his despatch of April 1872, when replying to the claim of the Australian colonies to disregard the German treaty. Admitting in the frankest possible way that the constitutional right of the Queen to conclude treaties binding on all parts of the Empire is subject to the discretion of the British or of the Colonial Parliaments, as the case might be, to pass any laws necessary to bring them into operation, he pointed out that in the case of the German treaty no Australian Act was required, in as much as the Australian colonies were already prohibited by their Constitution Acts from the giving of preference or the imposition of duties inconsistent with Her Majesty's treaties with foreign powers. When, therefore, Lord Kimberley confined himself to saying that in the case of the German treaties no Australian ratification was necessary by reason of the clause in the Constitution Act, it may be fairly inferred that in the absence of such a clause, as in the case of Canada, ratification by the Colonial Legislature would have been required.

I have already stated that it was the desire of Sir Wilfrid Laurier and his colleagues to cause as little embarrassment to the Home Government as possible and to follow the line of least resistance. It is obvious that much friction would be saved if the object we had in view could be attained without raising the question whether or not the two treaties were binding on Canada. Accordingly the resolution as it was finally presented to Parliament was in these words :—" That when the customs tariff of any country admits the products of Canada, on terms which, on the whole, are as favorable to Canada as the terms of the reciprocal tariff herein referred to are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom, may then be imported direct into Canada, or taken out of warehouse for consumption therein at the reduced rates of duty provided in the reciprocal tariff set forth in schedule D."

This on the face of it was a square offer made impartially to all the world. There was no discrimination in favor of one power or against

another. It was simply as though Canada had announced that she would levy a lower rate of duties upon all goods arriving, packed in a particular sort of crate, selected for the convenience of Canadian importers. Would it have then been open to German merchants to complain that their British rivals were getting an unfair advantage because they used the specified form of packing case, while they themselves continued to use the clumsy old crates their fathers had been accustomed to? The instant answer would have been that this benefit of the lowered duties was confined to no particular nationality, but was open to all who would take the trouble to pack in the required way. The Canadian resolution acted in precisely the same way, and certainly did not differentiate upon national lines. It offered lower duties, not to those who consulted Canadian convenience by packing well, but to those whose Governments granted admission to Canadian goods on terms as favorable as those offered by Canada. It happens that the British tariff satisfies the conditions under which the reduced duties may be claimed, and that the German tariff does not; but it was just as open to the German people to share in the advantage by rectifying their tariff, as it would have been in the other case of mending their methods of packing. This seems so clear that during the discussion in Parliament the opponents of the Government were reduced to quoting the words of the German treaty and insisting that they must be taken in their most literal sense at any cost of absurdity or violence to common sense. They recalled that the treaty says that "the produce of the States of the Zollverein shall not be subject to any higher duties than the produce of the United Kingdom" and argued that as under the resolution, as a matter of fact, British goods would be let in with lower duties than the produce of countries which did not comply with the conditions of the Reciprocal Tariff, the treaty would be violated. To these literal gentlemen it mattered not at all that if German merchants continued upon the old and higher scale it was solely because their Government declined to take the steps which would entitle them to the lower. To further illustrate our position, take this hypothesis—suppose that both England and Germany were in the habit of exporting large quantities of wall papers to Canada, and that we decided to impose a prohibitory duty on all wall-papers, in the manufacture of which arsenical coloring had been used. The fact that such a duty would be imposed for sanitary reasons is absolutely irrelevant to the argument. Now if it happened that Germany had practically a monopoly of these arsenically colored wall-papers, would it be open

to her Government to complain that the treaty had been violated because in fact the manufactures of Germany were now subjected to a higher duty than those of Great Britain—and if not, why not? Germany could not complain, for this reason that ex-hypothesi the Canadian legislation had been perfectly impartial in its application, and that if wall-papers made in Germany were hard hit, the manufacturers had the remedy in their own hands, and had only to desist from the use of poisonous paints at once to stand on a footing of equality with their British rivals.

But while feeling obliged to set forth the reasons for this belief that Canada was not legally bound by the German and Belgian treaties, the Government never concealed from themselves that there were grave grounds of policy which might probably constrain Imperial authorities to differ from that view, or at least, to decline to give it effect. In the same way, while we did our best to shape our legislation in such a way as to avoid raising any question under the treaties, we knew that the Home Government might be very unwilling to adopt an interpretation of them which might conflict with that of the German and Belgian authorities. It might well be, for instance, that as between England and Canada, the treaties lacked that sanction and ratification which was constitutionally necessary to make them binding against the Dominion, but how would that concern a foreign power? What official cognizance could Germany take of the intricate constitutional relations between Great Britain and her great colony? The question whether or not the assent of the Parliament of Canada was necessary to bring into force the clauses in the treaty that concerned her was a purely domestic issue. The power of making treaties is vested in the Crown alone, and to the Crown and not to a colony a foreign power would look for satisfaction in the event of any infraction of the international agreement. But don't let anyone jump to the conclusion that, this being so, it was an idle and irrelevant thing to urge the constitutional question as between Canada and the United Kingdom. That issue might have no interest for a German Chancellor, but it had a very direct bearing upon the question whether the treaties should be denounced—in fact it is not too much to say that it was the decisive influence which turned the scales, and secured the emancipation of Canada from the bonds that vexed her. And however cogent the reasoning by which we might support the contention that even if binding on us, the treaties were not infringed by the new Reciprocal Tariff, the fact remained that Germany took another

view and had indeed officially protested before the matter had been considered by the law officers of the Crown. To have insisted on the correctness of the Canadian view therefore would have meant a grave misunderstanding between the contracting powers, and, undoubtedly exposed British commerce to reprisals in the future legislation of Germany. Obviously it would have been more courteous and more in accordance with diplomatic usage, for Great Britain to get rid of the difficulty simply by giving the usual notice to terminate the treaties—it was more civil, and it came to the same thing in the end.

From a Canadian point of view that was a consummation most devoutly to be wished for. We should have been content to succeed in creeping through the treaties, but we all felt that it would be infinitely more satisfactory to see England use her right to fling it to all the winds. If it was a choice of evading the treaty or ending it, all Canada was for ending it. Of course we knew that our political opponents had been trying to get this done, trying, they told us in the House, for an eighth of a century, and in vain. On all hands we were met with dismal prophecies that our proposals were certain to be disallowed by the representative of the Crown as incompatible with treaties prized by Great Britain. We listened and knew it was unnecessary to answer. We were confident from the beginning that if the case against the treaties was put fairly to Great Britain, and at the same time a definite proposal was made—for all these sixteen years of dallying with the question the Conservatives had never got as far as that—our request would not be refused. We felt pretty sure what the result would be, when Johnny Bull once understood that it was only a German treaty, which could be ended at any time, that barred the acceptance by England of a signal mark of Canadian good will which came accompanied by opportunities for profit. You know gentlemen, what happened, that our confidence was not misplaced, and that the treaties have disappeared. The emancipation of Canada from the last of her fiscal fetters has been achieved by the Liberal party. For the first time in the long story of Britain, a foreign treaty has been wiped from the record at the direct invitation of a Colonial Parliament. And if that does not in itself make a new epoch, it certainly shall mark one in the gradual development and growth of the relations between the sundered yet united communities which together make up the British Empire.

I need not tell you that while proud of our achievement, and believing that the preferential tariff would prove a substantial benefit to the Mother Country, we never supposed that it was going to effect an economic revolution, or suddenly to turn the tides of trade. Some have recently been writing as though they were under the impression that we had succeeded in taking off 25 per cent from the total cost of British goods instead of from a duty which is a tiny fraction of that cost. We had no such foolish illusions; we hoped that this slight tariff preference might do something to compensate for the disadvantages of distance, and to balance the natural protection which their proximity to our borders confers on the United States. We knew that Canadian imports from Great Britain had shown a decided tendency to decrease, and we thought that tendency might be checked, and perhaps reversed. That is precisely what has happened.

TRADE WITH GREAT BRITAIN

1893.....	\$107,228,906
1895.....	92,988,727
1898.....	137,185,947

During the last fiscal year the new tariff was in operation for some months—and what do we find? That already the tendency to decrease has disappeared, and that on the contrary the imports from Great Britain have increased by three million dollars. But this quickened commercial intercourse with Great Britain has had another and still more striking result. England has reciprocated our good will, and met us more than half way. While we have taken an extra three million dollars worth of goods from her, she has taken an extra twenty-four millions from us. That was a satisfactory but also a natural and inevitable result of the preferential tariff. It was simply not possible that the eyes of the British people should be fixed upon Canada as they have been during the past year without the gain of some new knowledge of the resources and products of the Dominion. Their closer familiarity with what our fields and mines can produce was all that was needed to extend the commercial relations of the two peoples and to the exceeding advantage of both: We all, Liberals and Conservatives alike, ask for nothing better than that this policy should be judged by its results.

The establishment of a preferential tariff in favor of the Mother Country was only one of the steps taken by the present Government to draw the ties

of Empire closer, and to facilitate trade with the people most willing to deal with us. Much has been written of that other measure of reform in which Canada gave a lead to the rest of the Empire—the Imperial Penny Post. It may be doubted, however, whether the commercial, as distinguished from the political, aspects of the subject have received the attention to which they are entitled. That a heavy postage rate is a tax upon commerce, and a grievous commercial disability to the peoples subjected to it, is too obvious to be insisted upon. It acts as a barrier keeping communities apart, and may become not only a burden but an actual discrimination against a particular nation. Consider the respective positions of an English and an American merchant having business relations with Canada. The American can send an ounce letter to Canada for two cents, and receive a letter of the same weight in reply for three cents. The Englishman for an ounce letter to Canada has to pay ten cents, and his correspondent has to pay as much to send a similar letter in reply. The letter and reply cost in the American case five cents, and in the case of the Englishman twenty cents. Have you ever reflected that this, in fact, amounts to a discrimination against Great Britain of exactly four hundred per cent. A discrimination of four hundred per cent. against the Mother Country as compared with the treatment of United States every time an ounce letter and reply were sent between England and Canada—was that the way to draw the people closer, or promote a policy of imperial unity? Even when people on both sides of the Atlantic carefully kept their letters down to the half ounce weight the discrimination against Great Britain was a hundred per cent., and a Canadian doing business with the United States had still the further advantage of sending and receiving letters twice the weight that would be allowed if he had been corresponding with England. In a word, as compared with an American, an English merchant for the half ounce letter had to pay twice as much for half the matter. The present administration believing that these inequalities represented a restraint upon the freedom of both social and commercial intercourse with Great Britain resolved to amend the anomaly, and our representative at the recent Postal Conference in London announced that Canada was in favor of Penny Postage through all the Queen's Dominions as a broad measure of Imperial policy. The Canadian offer was at once welcomed and reciprocated, and from Christmas Day onward the Imperial penny will rule the seas. Nor is there much reason to doubt that the precedent set by Canada, already followed by South Africa,

will prove a vivifying example which before long will lead the Empire, and make postal communication between all its members as cheap and as easy as it is to-day between one Canadian town and another. I, for one, believe that this freeing the communications of the Empire, this abolition of a postal inequality which in effect was a protective tariff for the commerce of the foreigner, is destined to have far-reaching effects upon the destinies of the Dominion. The want of Canada in field, and forest, and stream, and mine, is men to work the wealth with which nature has endowed her. A hundred rivers are now running waste to the sea, just because hands are wanting to harness the power which some day will set in motion a thousand busy industries in every corner of the land. While riches beyond the dreams of avarice await the coming of labor to woe them from the bosom of the rocks, the value of our forests will be doubled when they cease to be solitudes. Turn to the great plains of the West and you will see uncounted acres now abandoned to the antelope and the prairie-dogs which want only the touch of the human hand to break into plenty, and to become a land flowing with milk and honey. All that is needed to enable Canada to take her right place among the foremost countries of the world is the population necessary for the proper development of her magnificent resources. I suppose we are all agreed that no immigrants are more desirable than those from the old land, if only because the process of educating them to become good Canadians is comparatively short. If it be true then that the great need of Canada is the filling of the land, and, if possible, with people from Great Britain and Ireland, it certainly follows that the question of Imperial penny postage has an intimate and obvious bearing upon the prosperity of the Dominion. The most effective emigration literature in the world is the letters of the contented settler, simple tales of peace and happiness and successful work sent from the new homes to the old. Was it a wise policy which in the past presumed upon this feeling of family affection to levy a tax upon it through the Post Office, and so penalized communication within the Empire, that to-day not one letter a year per head of the people of Canada goes back to the old land? We at any rate thought it bad policy, bad for England and bad for Canada, and so swept away an impost which pressed with special severity upon the poor, and made them suffer in exact proportion to the love they bore to the friends they had left. For my part I believe that when the history of the closing years of the 19th century comes to be written, it will be recognized that not the least of its

achievements was this freeing of the letters of the Empire from an unequal tax, and assuredly it is a reform with which the Government presided over by Sir Wilfrid Laurier is proud to be associated. But there is another branch of this general question of improving the trade communication of the country which has earnestly engaged the attention of the Government. We want to keep for Canadians the handling of Canadian foods whether travelling by sea or rail. Apart altogether from the important consideration of the carrier's profits, it is clearly impossible as long as our grain and fruit and cheese go abroad through American ports, for us to preserve their separate identity in the markets of Great Britain. Our agricultural exports will never command the price over seas which their natural excellence entitled them to until they cease to be confounded and confused in the public mind with inferior and possibly adulterated articles produced elsewhere. And what opportunities are ours ! When ever was a people endowed with so royal a waterway as the St. Lawrence provides for us ? At Quebec, 846 miles from the gates of Canada at Belle Isle, a dozen Great Easterns could ride at anchor in perfect safety ; at Montreal, 180 miles further up the river, we are still only at the beginning of the wonderful chain of water-ways which, asking little from the hand of man, stretch right into the heart of the continent.

Nature has been prodigal in her goodness to Canada, and clamorously invites us to use and improve the means she has placed in our hands. Certainly there is no permanent reason why in the near future the largest freight ships afloat should not lie along the wharves of Quebec, there to load all the grain of all the west and carry it without transshipment to the ports of Europe. Surely, on the face of it, it is a thing not to be endured that while Quebec is actually 600 miles nearer to Liverpool than is New-York, if we measure by time, Quebec is two days further away. In modern commerce it is time that counts and not distance, and the standard of measurement is not the mile but the hour. The sea and the river on the Canadian route are all right ; what is wanted is a faster service. To provide a faster line and so give to Quebec and Montreal the advantage which their situation on the St. Lawrence seems to claim for them, is a problem which the Government undertakes to solve, and, gentlemen, you may rest assured that having put their hands to the plough they are not in the least likely either to pause or look back. In justice to my colleagues, however, I must not let schemes even of the immediate future overshadow or make us unmindful of what is being done in the present. Even if we could put vessels of the newest and swiftest

type on the Belle Isle route to-morrow, the capacities of Quebec as a freight loading port would still remain undeveloped and insufficient, and an overwhelming proportion of the produce of the Canadian North-West would still continue to go to Europe through alien ports. We get hold of the right end of the stick when we undertook, first of all, to improve the water communications above Montreal, connecting it with the Great Lakes. As you know, enormous sums of money have been spent in deepening the Welland Canal, but unfortunately, just as the strength of the chain is the strength of its weakest link, so the usefulness of a canal, considered as a connecting highway, is the usefulness of its shallowest section. To get a depth of fourteen feet between Lake Erie and Lake Ontario, was a futile thing if you were going to leave the canals above Montreal with a depth of only nine feet. Barges can now use the Welland Canal which have a grain carrying capacity five times as great as those which can go through the waterways of the St. Lawrence rapids, but it is a paper advantage only, for the neck of the bottle is still to be passed. To give all the canals a uniform depth, therefore, was work which had to be undertaken before the millions of money poured into the Welland Canal could be made to fructify. That work is now in hand, and is being vigorously pressed to completion. But we have not made the mistake of deepening the canals only to find that our object is frustrated because the ports of Montreal and Quebec are not equipped for handling and storing the additional quantity of freight. Hand in hand with the work upon the canals has gone the task of preparing these ports for the new demands upon them. And is it too sanguine a view of the national possibilities if believing, as we do believe, that the route of the St. Lawrence can be made cheaper than that through Buffalo and New York, we look forward to the time when on the breast of the national river shall be borne to the sea not only the produce of the farms of Canada, but also a lion's share of the traffic from Duluth and Chicago?

At any rate, gentlemen, you may take it that to unfetter and extend the commerce of Canada is the first purpose and the dearest wish of your Government of to-day.

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